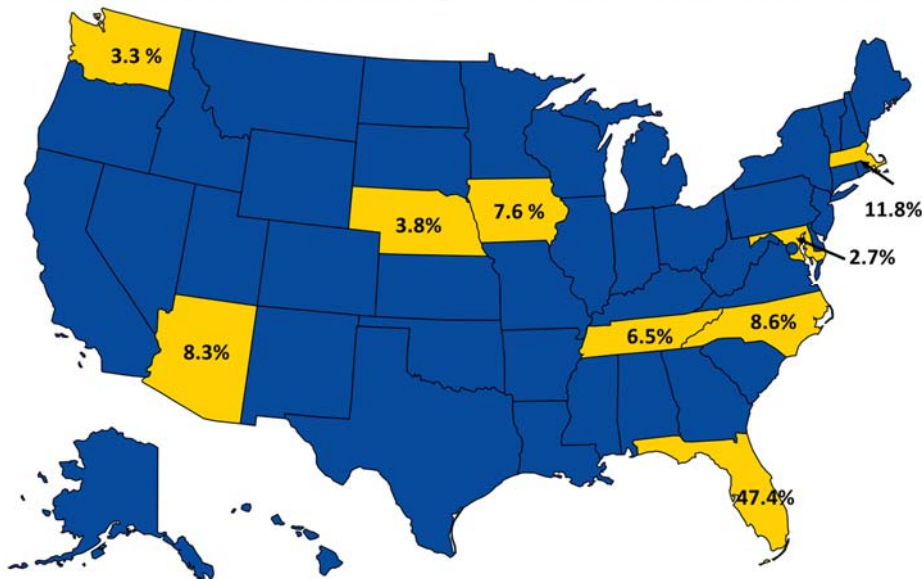


## MODEL OVERVIEW

The Home Health Value-Based Purchasing (HHVBP) Model provides financial incentives to home health agencies for quality improvement based on their performance relative to other agencies in their state. The goal of the model is to improve the quality and efficiency of delivery of home health care services to Medicare beneficiaries. Nine states were randomly selected to participate in the HHVBP Model starting on January 1, 2016. Home health agencies (HHAs) in these states receive performance scores for individual measures of quality of care that are combined into a Total Performance Score (TPS) to determine their payment adjustment relative to other agencies within their state.

CMS used agencies' 2016 TPS to adjust their Medicare payments by up to  $\pm 3\%$  in 2018, and used 2017 TPS to determine payment adjustments of up to  $\pm 5\%$  in 2019. This document summarizes the impact observed in 2016 through 2019, the first four years of the model, including the first two payment adjustment years.

Distribution (%) of Home Health Agencies in HHVBP Model States, 2019



In 2019, there were approximately 1,931 HHAs in the nine HHVBP states, representing 18% of all HHAs and 1.4 million home health episodes in the U.S.

## PARTICIPANTS

All Medicare-certified HHAs providing services in the following states were included in the HHVBP Model:

- Arizona
- Florida
- Iowa
- Maryland
- Massachusetts
- Nebraska
- North Carolina
- Tennessee
- Washington

### FINDINGS



#### MEDICARE SPENDING

Overall, there was a decline in total Medicare spending in HHVBP states during and 30 days after home health episodes of care as measured by the average spending per day among fee-for-service (FFS) beneficiaries receiving home health services.

\$604.8 million (1.3%) reduction in cumulative Medicare spending, 2016-2019

Driven by:

\$381.4 million (2.4%) reduction in inpatient hospitalization stay spending

\$164.9 million (4.2%) reduction in skilled nursing facility services spending

Offset by:

\$65.3 million (6.1%) increase in outpatient ED & observation stay spending

No effect on Medicare spending for home health care



#### QUALITY AND UTILIZATION



Results through the fourth year of the model and second year of HHVBP payment adjustments suggest modest gains in quality of care and declines in utilization for some types of services due to HHVBP:

Total Performance Scores were 8% higher among HHAs in HHVBP states than HHAs in non-HHVBP states in 2019

Decrease in unplanned hospitalizations, ED visits leading to inpatient admission, and skilled nursing facility use by FFS beneficiaries using home health

Continued trend toward improvement in functional status, including two new composite measures

Offset by modest unintended changes due to HHVBP:

2.6% increase in outpatient ED visits

0.3% decrease in two of five measures of patient experience: communication and discussion of care with patients



#### HOME HEALTH AGENCY OPERATIONS

Agencies continue to view the model as complementary to other CMS quality initiatives and report leveraging data analytics in coordination with staff training to improve performance and care delivery.

No effect on overall agency entries or closures, use of home health services, or access to home health care.



#### KEY TAKEAWAYS

The first four years of the implementation of HHVBP (2016-2019) have resulted in cumulative Medicare savings of \$604.8 million, a 1.3% decline relative to the 41 non-HHVBP states, as well as improvements in quality. These impacts were observed during 2019, the second year for quality based payment adjustments, as well as the initial three years of the model.

We will continue to evaluate the impact of HHVBP on quality and Medicare spending as the maximum payment adjustments become larger each year.